

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding dated May 19, 2016, is entered into between the City of Waukesha, Wisconsin (the "City") and the Waukesha Water Utility (the "Water Utility").

### Recitals

The Water Utility is currently undertaking the construction of improvements to the Water Utility system (the "2016 Projects"). The 2016 Projects have been financed on an interim basis through the issuance by the City of its Note Anticipation Notes, Series 2016B, dated May 10, 2016 (the "2016 NANs"). The Water Utility desires to finance the 2016 Projects on a long-term basis through the issuance by the City of general obligation promissory notes or refunding bonds.

The City has also issued its \$6,280,000 General Obligation Refunding Bonds, Series 2016D, dated May 10, 2016 (the "2016 G.O. Refunding Bonds") to provide long-term financing for the Water Utility projects which the City financed on an interim basis through the issuance of its Note Anticipation Notes, Series 2015C, dated May 12, 2015.

The City is willing to finance the 2016 Projects in this manner and to issue the 2016 G.O. Refunding Bonds, provided that the Water Utility agrees to provide the City with revenues in amounts sufficient to pay the principal of and interest on the 2016 NANs and the 2016 G.O. Refunding Bonds (collectively, the "City's Securities").

The purpose of this Memorandum is to set forth the terms upon which the City's Securities have been issued and to describe the Water Utility's obligation to pay or reimburse the City for payment of debt service on the City's Securities.

### Terms of Financing

#### A. The 2016 NANs

The 2016 NANs have been issued by the City pursuant to Section 67.12(1)(b) of the Wisconsin Statutes. The 2016 NANs are in the principal amount of \$17,400,000, mature on May 1, 2021, and are subject to redemption at the option of the City on May 1, 2018, or on any date thereafter. The debt service schedule for the 2015 NANs is attached to this Memorandum as Exhibit A.

#### B. The 2016 G.O. Refunding Bonds

The 2016 G.O. Refunding Bonds were issued by the City pursuant to Section 67.04 of the Wisconsin Statutes. The 2016 G.O. Refunding Bonds are in the principal amount of \$6,280,000, and principal of and interest on the 2016 G.O. Refunding Bonds are payable on the dates and in the amounts shown on the debt service schedule attached to this Memorandum as Exhibit B.

## BOND DEBT SERVICE

City of Waukesha (Aa2)  
 Note Anticipation Notes, Series 2016B - Final  
 NBQ; Callable 5/1/2021 or any date thereafter

Dated Date 05/10/2016  
 Delivery Date 05/10/2016

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
05/10/2016					
11/01/2016			247,950	247,950	247,950
05/01/2017			261,000	261,000	
11/01/2017			261,000	261,000	522,000
05/01/2018			261,000	261,000	
11/01/2018			261,000	261,000	522,000
05/01/2019			261,000	261,000	
11/01/2019			261,000	261,000	522,000
05/01/2020			261,000	261,000	
11/01/2020			261,000	261,000	522,000
05/01/2021	17,400,000	3.000%	261,000	17,661,000	
11/01/2021					17,661,000
	17,400,000		2,596,950	19,996,950	19,996,950